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Commonwealth of Kentucky
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Gregory Coker
Commissioner

Christopher L. Lilly
Commissioner
Department of Public Protection

August 11, 2005

Mr. Richard S. Taylor
225 Capital Avenue
Frankfort, Kentucky 40601

Re: Case No. 2005-00239
Informal Conference on July 27, 2005

Dear Mr. Taylor:

Enclosed is a memorandum that has been filed into the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding this memorandum should be directed to Anita Mitchell of the Commission Staff at 502-564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

Enclosure

cc: Parties of Record

**INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION**

TO: Main Case File - Case No. 2005-00239

FROM: Faud Sharifi, Anita Mitchell, Andrea Edwards, Daryl Newby

DATE: August 11, 2005

RE: Informal Conference of July 27, 2005

On July 27, 2005, representatives of Columbia Gas of Kentucky, Inc. ("Columbia") and Commission Staff ("Staff") met at the Commission's offices to discuss Columbia's application for a Certificate of Public Convenience and Necessity to construct a 7-mile, 12-inch pipeline in Georgetown, Kentucky. A list of attendees is attached to this memorandum.

Staff began the discussions by asking Columbia to expand on how the proposed construction project was responsive to the Liberty Consulting Group's ("Liberty") audit recommendations. Columbia explained that Liberty had stated that Columbia took too great a risk in its planning to meet peak day criteria. Columbia stated that it conducted a study and determined that it should adjust its risk from 1 in 10 to 1 in 20 and explained that the proposed pipeline would permit it to achieve this reduced risk level. Columbia agreed to submit its expanded explanation in writing for the record.

Columbia and Staff then discussed issues raised by the information requests and the technical and financial issues related to construction of the proposed pipeline. The parties discussed various aspects of safety issues and possible alternatives. Staff asked if Columbia considered installing an automatic shutoff valve in place of valve No. 1 upstream of I-75. Columbia explained that the pipeline will be constructed in compliance with the applicable regulations.

Staff asked if a *smart pig* would be launched on the 12-inch pipeline from Lake Carnico to Frankfort to monitor the integrity of the pipeline after mechanical completion of the proposed pipeline. Columbia explained that *smart pig* launching was not going to be performed at the time of completion, but would be in place for the future.

Staff then requested clarification of whether the pipeline is based on a Class 4 design, rather than Class 3 as stated in its application. Columbia explained that the route of the pipeline changed after the application had been prepared and that the new route resulted in a change in the design from Class 3 to Class 4. Columbia stated that it failed to make the correction in the application. It agreed to file a correction for the record.

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Columbia confirmed that its plans include the installation of a pressure regulating station at the DKT pipeline to reduce the pressure from 720 psig to 250 psig and that the 250 psig pressure at DKT pipeline will meet its 1 in 20 risk level. Columbia also confirmed that a regulating pressure station will be installed to reduce the pressure at the DE pipeline to its MAOP of 720 psig. In response to Staff's questions, Columbia explained that the crossing at Elkhorn Creek will be made by an open trench crossing and not by directional boring or insertion through casing.

The informal conference was then adjourned.

Attachment
cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COLUMBIA)
GAS OF KENTUCKY, INC. FOR AN)
ORDER ISSUING A CERTIFICATE OF) CASE NO. 2005-00239
CONVENIENCE AND NECESSITY TO)
CONSTRUCT A NATURAL GAS PIPELINE)
NEAR GEORGETOWN, KENTUCKY)

=====
July 27, 2005 Informal Conference
=====

Please sign in:

NAME

REPRESENTING

Brad Stuck

Columbia Gas of Kentucky

Smitty Taylor

" " " "

Judy Cooper

Columbia Gas

Jason Brangers

Public Service Commission

Faud Sharifi

PSC

Anita Mitchell

PSC

Anchea Edwards

PSC

Jeff Shaw

PSC - FIN. ANALYSIS

Daryl Newby

PSC - " "

